GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1335
ANSWERED ON:02.03.2001
IRREGULARITIES IN THE BANK OF RAJASTHAN
RASA SINGH RAWAT

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have received complaints/representations on irregularities in The Bank of Rajasthan Limited;

(b) if so, the details thereof;

(c) the action taken so far in this regard;

(d) whether the Government have constituted any enquiry Committee in this regard; and

(e) if so, the findings of the said Committee ?

Answer

THE MINISTER OF STATE IN THE MINISTERY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b): Letters have been received from the All India Bank of Rajasthan Officers` Federation as well as Bank of Rajasthan Employees Union regarding the affairs of the Bank of Rajasthan Ltd.

(c),(d)&(e):- Reserve Bank of India (RBI) has reported that its inspection of the Bank of Rajasthan Ltd. with reference to its financial position as on 31.12.1995 and the special scrutiny conducted by it thereafter, had revealed serious irregularities in the conduct of the Bank`s business, most of which had occurred in respect of certain borrowal accounts connected with the Bangur Group. Consequently, two promoter directors of the Bank belonging to the Bangur Group were removed by RBI from the Bank`s Board in October 1997. RBI has further reported that the Rajasthan High Court had in its judgement dated 27th July, 1999, on a writ petition filed by the Akhil Bharatiya Bank of Rajasthan Karmachari Sangh, directed RBI to take immediate action for restraining the nominees of the Bangur Group to participate in the affairs of the Bank of Rajasthan.Accordingly, two more directors of the Bank, who were nominees of the Bangur Group, were removed by RBI from the Bank`s Board and 4 more directors, who were also nominees of the Bangur Group, ceased to be directors of the Bank`s Board, since they were not re-elected. Further, the Rajasthan High Court had in its order dated 27th September, 1999, on a writ petition filed by the Akhil Bharatiya Karmachari Sangh, directed the Central Bureau of Investigation (CBI) to enquire into the siphoning of funds by the Bangur Group and submit its report within a period of 6 months from the date of the order. Since the CBI has not been able to complete the enquiry, it has sought extension of time for a further period of 6 months from the Hon`ble Court to complete the enquiry.